

null
Diana T Fritz 12/06/2006 02:51:06 PM From DB/Inbox: Search Results

Cable
Text:

C O N F I D E N T I A L ABU DHABI 00834

SIPDIS
CXABU:
ACTION: ECON
INFO: FCS P/M POL AMB DCM

DISSEMINATION: ECON
CHARGE: PROG

APPROVED: AMB:MJSISON
DRAFTED: ECON:OJOHN
CLEARED: CGD:JDAVIS, DCM:RALBRIGHT

VZCZCADI496
PP RUEHC RUEHXX RHEHNSC
DE RUEHAD #0834/01 0531232
ZNY CCCCC ZZH
P 221232Z FEB 05
FM AMEMBASSY ABU DHABI
TO RUEHC/SECSTATE WASHDC PRIORITY 8326
INFO RUEHXX/ARAB ISRAELI COLLECTIVE PRIORITY
RHEHNSC/NSC WASHDC

C O N F I D E N T I A L SECTION 01 OF 03 ABU DHABI 000834

SIPDIS

STATE FOR NEA
NSC FOR NEA STAFF

E.O. 12958: DECL: 11/19/2008
TAGS: [EFIN](#) [ECON](#) [EAID](#) [EINV](#) [PREL](#) [KPAL](#) [IS](#) [TC](#)
SUBJECT: EMIRATI BUSINESSMAN LOOKING TO INVEST IN WEST BANK
AND GAZA

Classified By: Ambassador Michele J. Sison for reasons 1.4
(b & d).

11. (C) Summary: Mohammed Al-Abbar, Chairman of Emaar, Dubai's largest publicly-traded real estate development company, called on DCM and Econ Chief to discuss his February 18 meetings with Palestinian and Israeli leaders regarding his development proposals for the Gaza settlements to be evacuated by Israel. Al-Abbar said that he could easily raise USD 100 million in "seed money" for this initial investment and that his goal was to "help the Palestinian people." He denied press reports that he had offered the Israeli government USD 56 million to buy the 21 settlements that Israel proposes to evacuate, although he said that he would be happy to buy the settlements. He is working with the U.S. firm Parsons to develop investment plans. Although he stated that he had consulted with Dubai Crown Prince Sheikh Mohammed bin Rashid Al-Maktoum (MbR), before starting this process, apparently neither he nor MbR had consulted with the Abu Dhabi leadership, which has expressed concerns about the media publicity this proposal has already generated. While we intend to raise this matter with UAE Minister of Information Sheikh Abdullah bin Zayed (AbZ), our assessment is that the UAEG would need a direct approach from the Palestinians before agreeing to this or any other similar investment proposals. End Summary.

12. (C) On February 20, Dubai developer, Chairman of Emaar Properties, and Director General of Dubai Department of Economic Development, Mohammed Al-Abbar called on DCM to discuss his February 18 meetings with the Israeli and Palestinian leadership about his proposal to develop the Gaza settlement sites to be evacuated by Israel and to ask for USG support for encouraging this and other Arab investment in the

Palestinian territories. He said that he had been working with longstanding "Jewish friends" in New York and with Labor-Meimad member of the Knesset and former Minister of Transportation Ephraim Sneh on ideas for developing investment opportunities in the West Bank and Gaza. He added that he had engaged the U.S. engineering firm Parsons to conduct a feasibility study for the Gaza settlements. Al-Abbar explained that he wanted to set up an investment company that would be run as a trust for the Palestinian people and that he could easily raise USD 100 million in "seed money." (Note: Emaar is Dubai's largest publicly traded real estate development company and is responsible for projects such as the multi-billion dollar Dubai Marina.)

13. (C) Al-Abbar told DCM that he had visited Israeli industrial parks and would be interested in duplicating them in the Palestinian territories. He added that he had also visited some of the Israeli settlements and would be interested in using the existing infrastructure to support new housing and industrial development. He denied news reports that claimed he had offered USD 56 million to buy the settlements, saying that he had not raised the subject of money in his meetings.

14. (C) Al-Abbar emphasized that his goal was to help the Palestinian people. He explained that "we Arabs" talk expansively about the Palestinian cause, but do little to help the Palestinians tangibly. Without job opportunities for the Palestinians provided by trade and investment, the Palestinians would grow to resent the richer Arab states and raise "the terrorists of the future." Investment in the Palestinians, he said, was not only the right and moral action, but it made sense from a practical policy standpoint.

15. (C) Al-Abbar said that Palestinian Authority President Mahmoud Abbas and Prime Minister Ahmed Quraya and Israeli Prime Minister Sharon and Deputy Prime Minister Peres had all expressed support for his Gaza investment plans. He planned to use the existing infrastructure in the Israeli settlements, but not necessarily the existing houses. He explained that Sharon and his people had told him that "official Israeli policy" was to demolish the homes, but that the Israelis were open to working with a respectable 3rd party (i.e. him) about preserving the infrastructure. According to Al-Abbar, Sharon added that Emaar could work under World Bank supervision to make sure that the development could work to the benefit of all of the Palestinians. Al-Abbar stressed that he was most interested in preserving the infrastructure of the settlements rather than in preserving the homes, noting that he would need to increase housing density in the settlements by building apartment blocks in any case. He cited greenhouses as an example of the type of infrastructure that he wanted to preserve, noting that they could potentially employ 100,000 Palestinians. He added that he was interested in developing affordable housing, industrial parks and tourism in the region, noting that "the coastline in Gaza is gorgeous."

16. (C) Al-Abbar stressed that he had consulted with Dubai Crown Prince Sheikh Mohammed bin Rashid Al-Maktoum (MbR) before beginning this process and that MbR had given him a green light. In fact, he said, MbR had praised his proposal at a recent majlis (community meeting), encouraging others to invest in Palestine. However, Al-Abbar said that the unwelcome media coverage (al-Jazeera and BBC) surrounding his recent meetings in Israel had raised concerns among the Abu Dhabi leadership. He explained that the Palestinians had initially publicized his visit, and then PM Sharon's staff had leaked the story of his meeting with Sharon. Neither of these presented an insurmountable problem, he said. The Palestinian publicity made sense and he could deny the Sharon meeting if necessary. However, he felt he also needed to meet with DPM Peres and this is where the situation became complicated. Al-Abbar explained that he had considered not meeting with Peres, knowing that Peres was a "headline grabber." He finally decided that he would meet with Peres, but would make every effort to avoid the press. He went to Peres' office and saw no press outside the office. However,

when he entered Peres' office, he found Peres with the photographers waiting in his office to capture the meeting. Al-Abbar said that after meeting Peres he called MbR to explain that he had been "caught on camera."

¶17. (C) After seeing what the media was putting out about his visit, Al-Abbar decided he would issue a press release explaining that Emaar would be establishing an office in Palestine, under the "instructions" of MbR, "to stroke MbR's ego." Unfortunately, he noted, MbR had called him, "sounding uncomfortable" and instructed him not/not to issue any press release. MbR told him that Abu Dhabi Crown Prince Sheikh Mohammed bin Zayed Al-Nahyan (MbZ) had expressed concern about the potential backlash of any more publicity. Al-Abbar speculated that MbR had decided to back away from his public support for this project in order not to offend "the money man" in Abu Dhabi. Calling MbZ "crazy about security" he said that MbZ was concerned that the appearance of doing business with Israel at this time could expose the UAE to a terrorist attack. Al-Abbar said he had also received a somewhat agitated phone call from UAE Minister of Information Abdullah bin Zayed (AbZ) expressing concern about the media exposure and Al-Abbar's plan send out a press release without coordinating it with the UAEG. Al-Abbar added that Sheikh Abdullah bin Zayed planned to visit the Gaza Strip on March 3 and suggested that he may also have wanted to avoid being upstaged by an Emaar announcement. These conversations dissuaded Al-Abbar from putting out a statement.

¶18. (C) DCM encouraged Al-Abbar to discuss his plan with Sheikh Abdullah, noting that perhaps he and AbZ could formulate a way to package this investment proposal to address UAEG concerns. For example, perhaps the UAEG and Palestinian Authority could consider a statement and/or mechanism for promoting Arab investment in the Palestinian territories. This would allow the UAEG to claim "ownership" or credit for promoting investment that helped the Palestinians and would allow Al-Abbar to pursue his project. Al-Abbar said that he would discuss this with Sheikh Abdullah.

¶19. (C) Comment: Al-Abbar was once a part of MbR's inner circle -- a prominent technocrat of equal ranking with rivals Mohammed Al-Gergawi of the Executive Office and Sultan bin Sulayim of Nakheel and Dubai Ports, Customs and Free Zone Corporation. In recent years his star has fallen, and unlike his rivals he is now never present in MbR's meetings with foreign officials. While his company Emaar is a huge player in the booming Dubai real estate scene, Al-Abbar himself is viewed locally as being somewhat shaky and erratic in his judgments. His deep admiration for, and frequent contacts with, Israel make him something of an anomaly on the local scene; there have been some suggestions that he plays this up with USG contacts as a hedge against a possible further decline in his standing with MbR's inner circle.

¶10. (C) Comment continued: In his meeting with the DCM, Al-Abbar was clearly concerned that the publicity surrounding his trip and meeting with Sharon had left him exposed, and he was looking for cover. He told the DCM that he had raised his concerns by phone with NEA PDAS Cheney, who had steered him to the Embassy. As the lead developer of Dubai's real estate boom, Emaar has the financial and technical ability to develop housing and economic infrastructure in the Gaza settlements and the potential to bring along other investors. But there is a good possibility that such a high-profile initiative by this particular individual could prove to be too much for the UAEG to stomach at this juncture. Al-Abbar has provoked the ire of the UAE leadership with his publicized meetings with the Israeli leadership. In doing so, he wandered into the extremely contentious issue of compensating the Israelis for settlements considered to be illegal.

¶11. (C) Comment continued: Meanwhile, a February 21 editorial in the semi-official Al-Ittihad newspaper accused Al-Abbar of running his own foreign policy and said this was unacceptable. Even the progressive and open-minded Minister of Planning and Economy, Sheikha Lubna Al-Qassimi, was

skeptical about its prospects, telling CG Dubai that she doubted very seriously that Al-Abbar's initiative had been coordinated with the UAEG, and predicting that "if he is planning on using Emaar funds for this, there will be a lot of anger from Emaar stock holders." With the predilection of Abu Dhabi's ruling family to fly under the radar screen on all matters having to do with Israel, we expect that Abu Dhabi would want some cover before allowing such a high profile investment to proceed.

¶12. (C) Comment continued: Given the close ties between Palestinian President Abu Mazin and Abu Dhabi's ruling family, Department may want to consider an approach to the PA about this project in particular, and about promoting Arab investment in general. While we intend to raise this matter with Sheikh Abdullah, our assessment is that the UAEG would need a direct approach from the Palestinians before agreeing to support this or other investment proposals. End Comment.
SISON